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*Proposed Attorneys for Debtors
and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION,

- and -

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

- ☐ Affects PG&E Corporation
☒ Affects Pacific Gas and Electric Company
☐ Affects both Debtors

** All papers shall be filed in the Lead Case,
No. 19-30088 (DM).*

Bankruptcy Case
No. 19-30088 (DM)

Chapter 11

(Lead Case)
(Jointly Administered)

**DECLARATION OF STEPHEN L. SCHIRLE
IN SUPPORT OF MOTION OF DEBTORS
PURSUANT TO 11 U.S.C. §§ 363(b) AND
105(a) FOR AUTHORITY TO CONTINUE
PERFORMANCE UNDER PREPETITION
SETTLEMENT AGREEMENT WITH BUTTE
COUNTY DISTRICT ATTORNEY'S OFFICE
TO FUND ENHANCED FIRE PREVENTION
AND COMMUNICATIONS PROGRAM**

Date: March 27, 2019
Time: 9:30 a.m. (Pacific Time)
Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
San Francisco, CA 94102

1 I, Stephen L. Schirle, hereby declare under the penalty of perjury that the following is true and
2 correct to the best of my knowledge, information, and belief:

3 I am Chief Counsel, Litigation, at Pacific Gas and Electric Company (the “**Utility**” and
4 collectively with PG&E Corporation the “**Debtors**”). I joined the Utility Law Department on March 30,
5 1998 and have served in the litigation group continuously since that time. From July 2005 to April 2017,
6 I was the lead attorney in the litigation group.

7 I am knowledgeable and familiar with the Utility’s litigation, including settlement
8 agreements involving the Utility. I am authorized to submit this Declaration on behalf of the Debtors.
9 The facts set forth in this Declaration are based upon my personal knowledge, my review of relevant
10 documents, information provided to me by the Debtors’ other employees or the Debtors’ legal advisors,
11 or from other members of the litigation group. If called upon to testify, I would testify to the facts set
12 forth in this Declaration.

13 I submit this Declaration in support of the *Motion of Debtors Pursuant to 11 U.S.C. §§ 363(b)*
14 *and 105(a) for Authority to Continue Performance Under Prepetition Settlement Agreement with Butte*
15 *County District Attorney’s Office to Fund Enhanced Fire Prevention and Communications Program* (the
16 “**Prepetition Settlement Motion**”).

17 In early October 2017, the Cherokee Fire, Honey Fire, and LaPorte Fires started in Butte County
18 (collectively, the “**2017 Butte County Fires**”). During the second quarter of 2018, the California
19 Department of Forestry and Fire Protection (“**Cal Fire**”) issued news releases announcing its
20 determination of the causes of, among other things, the 2017 Butte County Fires. According to the Cal
21 Fire releases, the Cherokee, Honey and LaPorte fires were caused by trees coming into contact with
22 power lines, and Cal Fire referred the Honey fire to the District Attorney’s Office of Butte County,
23 California (the “**District Attorney**”) for investigation. In connection with the investigation, and the
24 Utility’s and the State’s common interest in fire safety and reducing the risk of fires caused by vegetation
25 coming into contact power lines and equipment, the Utility determined that it was appropriate to enter
26 into the Settlement Agreement with the People currently represented by the District Attorney to help
27 further reduce wildfire risk.
28

1 Pursuant to the Settlement Agreement,¹ the Utility agreed to provide funding to Butte County
2 through the District Attorney for an Enhanced Fire Prevention and Communications Program (the
3 “**Program**”) to be run and administered by the Butte County Fire Department (the “**Fire Department**”).
4 It is my understanding the Settlement Agreement and the Program are designed to promote increased
5 coordination and communications between the Utility and the People. Specifically, in accordance with
6 the Settlement Agreement, the Utility has agreed to participate in quarterly meetings with the Fire
7 Department and County officials to report on (i) the Utility’s vegetation management practices and plans
8 in Butte County; (ii) the results of the Utility’s quality assurance and quality control work in Butte
9 County; and (iii) the Utility’s vegetation management contractor training and certification materials. The
10 Settlement Agreement and Program also establish a time frame and process by which the Fire
11 Department can notify the Utility of any compliance issues or concerns, including any imminent threats,
12 and for the Utility to respond and, if necessary, cure such issues or concerns prior to any citation issuing.
13 If the Fire Department inspectors hired under the Program identify any alleged or potential violation or
14 compliance concern, the Fire Department shall notify the Utility of each alleged or potential violation or
15 compliance concern. If the Utility resolves the alleged or potential violation or compliance concern
16 within a reasonable time, generally not to exceed thirty (30) days of receiving such notice, no citation
17 shall be issued for that alleged violation or compliance concern. If there is an alleged or potential
18 violation or compliance concern that the Fire Department determines is a “burner” or another situation
19 where there is immediate peril of fire, the Fire Department shall issue to the Utility a notice of such
20 immediate threat. The Utility will immediately resolve such notices, within twenty-four (24) hours.

21 To fund the Program, the Utility agreed to pay the sum of up to one million five hundred thousand
22 dollars (\$1,500,000) to be administered by the District Attorney over a period from January 1, 2019 to
23 December 31, 2023. Any amounts paid by the Utility will be used, among other things, for the purposes
24 of hiring four (4) inspectors, purchasing and funding inspection vehicles and a trailer, paying for related
25 office equipment, and funding other expenses related to the Program. Pursuant to the Settlement
26 Agreement, Program payments are required to be made by the Utility into a separate Butte County

27 _____
28 ¹ Capitalized terms used but not otherwise herein defined shall have the meanings ascribed to such
terms in the Supplemental Motion.

Enhanced Fire Prevention and Communications Special Revenue Fund (“**Fund**”) in the following installments:

- a) The first installment of \$500,000 was paid November 2, 2018 (within 30 days of the effective date of the Settlement Agreement);
- b) The second installment of \$500,000 is due on April 2, 2019;
- c) The third installment of \$400,000 is due on September 29, 2019; and
- d) Any remaining installments, not to exceed \$100,000, will be paid upon the request of the District Attorney and Fire Department after September 29, 2019, but prior to the Settlement Agreement expiration date on December 31, 2023.

Accordingly, as of the date of the Prepetition Settlement Motion, the total maximum amount outstanding under the Settlement Agreement will not exceed one million dollars (\$1,000,000). The Settlement Agreement was entered into without any admission of liability or wrongdoing on the part of the Utility. Further, the Settlement Agreement also includes a covenant that the People, including by and through the District Attorney, agree not to commence or prosecute any civil or criminal actions, charges, causes of actions or proceeding against the PG&E Released Parties related to the Settled Matters.

It is my understanding that Butte County is in the process of obtaining approvals to use the initial \$500,000 payment to purchase equipment and recruit personnel and would like assurance that the Utility remains committed to honoring its obligations under the Settlement Agreement. The Utility entered into the Settlement Agreement because it shares a common interest with the District Attorney in safety and the reduction of the risk of wildfires. The Settlement Agreement furthers the Debtors’ objective of keeping their customers and the communities they serve safe by promoting increased reporting, accountability, and communication. It also furthers the Debtors’ interest of resolving all matters related to the 2017 Butte County Fires with the People through the District Attorney. Accordingly, I believe the Prepetition Settlement Motion is in the best interest of the Debtors, their estates, creditors, shareholders, and all other parties in interest and should be approved.

1 Pursuant to section 1746 of title 28 of the United States Code, I declare under the penalty
2 of perjury that the foregoing is true and correct.

3
4 Dated: March 6, 2019

By:


Stephen L. Schirle

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